



state senator
Gary Dillon
2005 LEGISLATIVE UPDATE

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The State Budget: Holding the Line on Spending

LEGISLATURE PASSES FIRST BALANCED BUDGET IN 10 YEARS

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent in the current biennium.

The passage of this budget is quite an accomplishment. To overcome a \$600 million structural deficit and end up with reserves – all without new state taxes – is no small feat.

Education funding remained a top priority by the Senate Republicans, and I go into more detail inside on page three.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in

an effort to provide relief to homeowners and other property taxpayers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools. Half of all revenue raised by the state sales tax is used for PTRC, as is 14 percent of the income tax and more than a half billion dollars every year from the wagering tax.

Earlier in the session, Senate Republicans voted to pass a measure to reform the property tax system by giving local governments an option to shift the property tax burden to an income tax in order to be more fair and equitable to Hoosiers. The initiative was successful in the Senate but failed to receive consideration in the House of Representatives when the bill met substantial opposition from some local government officials.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

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New Laws Help Protect Children

All too often, I open my newspaper and read a story of another child being victimized. These situations have become almost commonplace in the last few years. Children are our most precious commodity, and should receive special attention from the state. The General Assembly passed several bills this session aimed at protecting Hoosier children.



In 2003, the state's sex and violent offender registry was modernized, including the requirement of a photograph of the offender that could be viewed by the public. Currently, thousands of people who have committed sex crimes or crimes against children are registered with the state. We passed two bills that will enhance the effectiveness of the registry by adding the possession of child pornography to the 14 existing offenses and by allowing neighborhood associations to receive semi-annual updates of the list.

This session, we also passed Senate Enrolled Act 529, which reorganizes the Office of the Family and Social Services Administration. This department has been plagued by poor management and other problems. The bill creates the Dept. of Child Services to handle child support, child protection, adoption and foster services. SEA 529 also contains language from a bill I authored to strengthen background checks done when placing children in homes. Some Hoosier children have died from abuse and neglect. Our children deserve the proper protection.

In the state budget, we provided additional funding for child protection. The budget funds the new Dept. of Child Services and provides money for Independent Living assistance for persons moving off of foster care. It funds an additional 400 caseworkers for child protection and establishes caseload standards for child protection workers.

The General Assembly will continue to be vigilant in seeking new ways to protect our children.

Rx FOR INDIANA

IMPROVING ACCESS TO PRESCRIPTION DRUGS

Governor Mitch Daniels has created "Rx for Indiana," a pharmaceutical patient assistance program which allows lower-income Hoosiers to receive the prescription drugs they need for free or at significantly reduced prices. Since the beginning of the program in early March, more than 37,000 Indiana residents have qualified for the program.

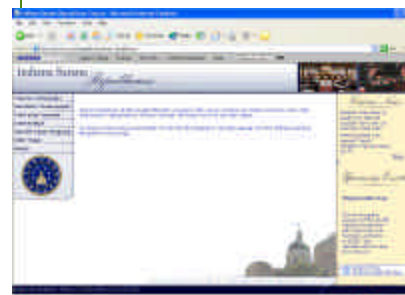
Nearly 60 health care, business, community and consumer groups have joined the governor to help improve Indiana citizens' access to prescription medicine. The Rx for Indiana program was developed to build upon the success of other national programs, as it links patients with information about pharmaceutical assistance programs provided by companies and the state and federal government.

Rx for Indiana provides residents access to information about more than 275 public and private prescription assistance programs that provide more than 1,800 medications. In order to take part in the program, Indiana residents must answer a few short questions to verify eligibility. The resident will then be informed of the pharmaceutical patient assistance programs for which he or she qualifies.

Rx for Indiana can save individuals thousands of dollars per year. Before the establishment of Rx for Indiana, only about one in 10 Hoosiers were taking advantage of the reduced cost medicines available. We hope that with the creation of this program, many more Hoosiers will be able to access the medications they need.

To apply for the Rx for Indiana program, visit www.rxforindiana.com or call toll-free 1-877-793-0765. The Web site is available in Spanish and English, and Spanish-speaking telephone operators are available.

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Photo: Sen. Dillon works with intern Jenna MacIntyre to prepare for a full day of session.

Fighting Meth

Methamphetamine production has become widespread in our state, and this year the legislature has proven its commitment to curbing this criminal activity.

In 2003, Indiana law enforcement seized 422 meth labs, a figure higher than any other Midwestern state, according to the Drug Enforcement Administration.

It is difficult to catch meth producers. All of the ingredients needed to manufacture meth can be purchased legally and are relatively inexpensive. For example, an investment of \$1,000 in easily purchased ingredients can produce \$20,000 worth of meth.

This year, we passed a bill to regulate the sale and purchase of meth precursors in the hope of reducing production in Indiana. Senate Enrolled Act 444 includes a variety of measures designed to stop the production of meth by placing restrictions on the sale and purchase of drugs containing ephedrine or pseudoephedrine, commonly found in over-the-counter cold and allergy medicines.

Retailers must store such drugs in a locked display case or behind a counter that requires employee assistance. Pharmacies may place the drugs directly in front of the pharmacy counter in the line of sight of a pharmacy employee and in an area under constant video monitoring.

Customers purchasing these drugs must present identification and record their identifying information in a log book provided and maintained by the retailer.

The bill bars retailers from selling the drugs to individuals under age 18 and allows no more than 3 grams of drugs containing ephedrine or pseudoephedrine in any one transaction. It also prevents customers from purchasing more than 3 grams of such drugs in a single week.

Meth production has become a significant problem in Indiana. We have no choice but to fight back with every available weapon.

Improving the Quality Of Health Care for

Senate Enrolled Act 566, which I authored, recently was signed into law by the governor. It creates a panel of experts to develop a medical information system for Indiana. Such a system can markedly improve quality of care and has the potential to save up to 30 percent on medical costs. At a time when medical costs are skyrocketing, this is something that could benefit not only our personal health, but also our state's economic health.

A medical information system would connect physicians' offices, pharmacies, laboratories, imaging centers, hospitals and other medical facilities. If a person became ill in another part of the state, a physician with proper authorization could have immediate access to the person's medications, medical history and lab and X-ray reports. That patient then would receive better, more personalized care. The panel must create a plan that will maintain privacy.

The potential for this type of system to improve quality is immense. Studies show that an estimated 770,000 people seek medical attention and 190,000 are hospitalized each year as a result of adverse drug reactions. An additional 100,000 people die every year from preventable medical errors. Some hospitals have reduced errors by 95 percent with technology, software and quality control programs, which is great for inpatients; however, most care is now delivered in the outpatient setting. A statewide medical information network could extend

these quality improvements to outpatient setting as well. It will not only help the individual, but it also will reduce the economic cost of errors.

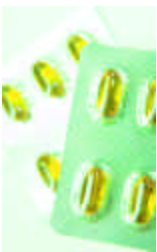
The system can reduce redundant testing. It is estimated that approximately 20 percent of lab and X-ray work is performed because the physician does not have the data available when it is needed. One in six hospitalizations result from having inadequate information. This waste can be eliminated with the up to date information technology that is available for our use now.

SEA 566 sets up a commission of experts from the private and public sectors to develop a plan to facilitate and coordinate the development of a medical information system that is consistent throughout the state. With a system like this in place, we create the potential to curb medical costs while improving medical care. Therefore, this is definitely a win-win situation.



Photo: Sen. Dillon talks with Gov. Mitch Daniels at the bill signing of SEA 566.

Studies show that nearly 800,000 people seek medical attention and 200,000 are hospitalized each year as a result of adverse drug reactions.



SEA 15 — This bill requires that absentee voters receive a "voter's bill of rights" that will provide them with the information they need to properly cast their vote. It also establishes penalties for certain election fraud offenses **PASSED. My vote: YES**

HEA 1501— This bill establishes the position of inspector general, an employee of the governor, who works to weed out corruption. Years of scandal in previous administrations cost the state at least \$25 million; we may never know the full extent of misspending. **PASSED. My vote: YES**

Making dollars & sense of SCHOOL FUNDING

State should fund children, not corporations

I am pleased to say that Indiana has continued its long tradition of support for education. In a global economy, we must compete world-wide by working smarter and being more innovative. Education is the key.

Funding for education has been a top priority in Indiana for many years, over many legislative sessions and administrations. In the proposed budget, the state devotes 52 percent of its general and property tax replacement fund operating resources to education.

Indiana also has a long history of strong educational funding for K-12 education. This year, our education increases were not as great as in some years, but these are difficult times, and we were able to increase state tuition support funding by 1.2 percent for FY 2006 and 1.3 percent for 2007. In looking at the history since 1980, I found that the increase in per pupil funding has increased over four times, and after adjusting for inflation, the funding per pupil has more than doubled. Indiana ranks 17th nationally in per pupil funding and is 11th when regional costs are considered. In 2003, during a national recession when many states were cutting funding, our state had the highest increase of K-12 funding in the country.

As I looked at funding over the years, I noted that some years were quite good and some were a bit lean, but the Indiana taxpayer has been quite generous overall.

This year, some schools will see increases and some will see decreases. This is because under the old school formula, money was not closely related to the number of children in the school. In recent years, all schools have received automatic increases. In the last six years, some schools' enrollments have decreased by as much as 30 percent and they still received consistent increases in funding. The result is that there is a



LEFT: Sen. Gary Dillon addresses the full Senate on the importance of improving health care in Indiana. Sen. Dillon authored several pieces of legislation this session dedicated to Hoosier health care.

wide disparity in the amount that schools get per child, ranging from about \$4,500 to \$9,000 per pupil. This is not fair and must be corrected.

Unfortunately, the disparities are so large that it will take several years to fund students equitably. Nonetheless it must be done, and this year we will start the process. The maximum amount that any school will lose is one percent of funding per pupil per year. This will allow schools the time to plan and adjust.

The new formula will take into account not only the number of children, but the difficulty of education. Research has shown that certain factors such as free lunch, poverty, single parent homes, parent educational level and English proficiency are associated with lower school performance. The formula sets a foundation level and then adds dollars for the factors that make educational performance more difficult. I think that this truly is a fair way to fund schools. There will be complaints from some schools, but we must be fair to all of our children.

I am hopeful that we can continue the support for education and continue the movement to eliminate the disparities in funding for our children in order to begin giving our children equal and excellent educational opportunities.

Stopping Identity Theft

Identity theft has become a major crisis in the United States in the past several years. As of September of 2003, 27.3 million Americans had been victims of identity theft, with more than 9 million of those occurring in 2003. The cases of identity theft in that year cost businesses and financial institutions \$48 billion, and cost consumers \$5 million in out-of-pocket losses. This is a problem that continues to persist and that needs to be stopped.

Senate Enrolled Act 503 makes it a Class A felony for an agency to knowingly disclose a Social Security Number (SSN) without written consent from the individual. There are

currently 62 state agencies that collect SSN's and the bill will require each of them to obtain consent from a consumer before releasing his or her number, unless it is requested under federal law.

I also authored Senate Bill 178, which failed to pass this session, that would have allowed consumers to prevent access to their credit report by requesting that the consumer reporting agency place a security freeze on the consumer's credit report. I plan on working on this issue again next session.

Indiana has recently seen its share of identity theft offenses. In 2003, only 17 states had

more per capita cases of identity theft than Indiana. Also in 2003, an employee working at the Bureau of Motor Vehicles was arrested on a forgery charge related to helping immigrants illegally obtain thousands of state IDs. Two employees were also charged with identity theft while working at the Public Employee Retirement Fund.

This legislation is a positive precautionary measure that will help decrease the instances of identity theft in Indiana. Further protection against this fast growing crime is a great victory for Hoosiers.

SEA 304 — The role of National Guard members deserves special recognition due to their increased responsibilities. This bill exempts spouses and children of National Guard members killed in state active duty from paying tuition at any state educational institution. **PASSED. My vote: YES**

SEA 76 — This law requires a health care provider to provide a pregnant woman with information regarding the availability of ultrasound imaging and auscultation of heart tones of a fetus before performing an abortion. **PASSED. My vote: YES**

Sen. Dillon had a 100% voting attendance record in 2005.